

# **THE OFFICE OF REGULATORY STAFF**

## **DIRECT TESTIMONY**

**OF**

**DAWN HIPPIE**

**June 1, 2011**



**DOCKET NOS. 2000-350-C and 2010-337-C**

**PETITION OF THE OFFICE OF REGULATORY STAFF FOR  
COMMISSION TO ORDER A RULE TO SHOW CAUSE AS TO WHY THE  
CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY FOR  
CERTAIN PROVIDERS OF TELECOMMUNICATIONS SERVICE  
SHOULD NOT BE REVOKED FOR FAILURE TO FILE USE REPORTS**

**DIRECT TESTIMONY OF**

**DAWN M. HIPPI**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NOS. 2000-350-C AND 2010-337-C**

**IN RE: PETITION OF THE OFFICE OF REGULATORY STAFF FOR COMMISSION  
TO ORDER A RULE TO SHOW CAUSE AS TO WHY THE CERTIFICATES OF  
PUBLIC CONVENIENCE AND NECESSITY FOR CERTAIN PROVIDERS OF  
TELECOMMUNICATIONS SERVICES SHOULD NOT BE REVOKED FOR FAILURE  
TO FILE USF REPORTS**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.**

A. My name is Dawn M. Hipp. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the state of South Carolina as the Director of the Telecommunications, Transportation, Water and Wastewater Department for the Office of Regulatory Staff ("ORS").

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

A. The purpose of my testimony is to present the results of ORS' investigation related to the compliance of Genesis Telecommunications, LLC ("Genesis" or "the Company") with the Public Service Commission of South Carolina ("PSC" or "Commission") rules and regulations.

**Q. AS OF THE DATE OF THIS TESTIMONY, IS GENESIS IN COMPLIANCE WITH ALL COMMISSION RULES AND REGULATIONS?**

A. No. Genesis has failed to comply with the following Commission rules and regulations:

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| <u>Requirement</u>                                   | <u>Type of Activity/Report</u>   | <u>Due Date</u>                       | <u>Genesis Status</u>  |
|--|--|---------------------------------------|--|
| R.103-618  | Service Quality Report   | 30 days after the end of each quarter | Not filed since 2005   |
| R. 103-612.1   | Annual Report  | April 1, 2011                         | Not filed for 2010   |
| R. 103-612.2.1                                       | Tariff   | Upon certification                    | Not filed  |
| S.C. Code Ann.§58-3-100, 58-3-540, 58-4-60, 58-9-370 | Gross Receipts   | August 31, 2010                       | Not filed for 12 months ending June 30, 2010                           |
| S.C. Code Ann.§58-4-55 (A)                           | Production of books and records to facilitate an audit and customer relations compliance review ("CRCR") | February 18, 2011                     | No response to the audit request and insufficient response to the CRCR |

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3 **Q. HAS GENESIS EVER BEEN A PARTY TO A RULE TO SHOW CAUSE**  
4 **PETITON FILED BY THE ORS?**

5 A. Yes. Genesis has a pattern and history of failing to comply with Commission  
6 reporting requirements. According to ORS and Commission records, Genesis has been a  
7 party to five (5) different Rule to Show Cause proceedings since 2008. In each instance,  
8 Genesis had failed to file a report or form on time with ORS as required by Commission  
9 rules and regulations.

10 **Q. HAS GENESIS HAD ITS AUTHORITY TO OPERATE REVOKED BY THIS**  
11 **COMMISSION?**

12 A. Yes. The Commission has revoked Genesis' authority to operate on two (2)  
13 different occasions. Commission Order No. 2009-793 revoked Genesis' certificate on  
14 November 3, 2009 for failure to file the 2008 Annual Report. The Company requested  
15 reinstatement, and ORS opposed. Genesis came into compliance with Commission

1 regulations related to Annual Report and Universal Service Fund Form and was  
2 reinstated by the Commission on March 12, 2010. On January 13, 2011, Commission  
3 Order No. 2011-40 revoked Genesis' certificate for failure to file the 2010 Universal  
4 Service Fund ("USF") Contribution Worksheet as required by Commission Order No.  
5 2001-996. ORS opposed Genesis' request for reinstatement.

6 **Q. DOES GENESIS CONTINUE TO OPERATE WITHOUT COMMISSION**  
7 **AUTHORITY?**

8 A. Yes. Genesis continues to operate as a competitive local exchange carrier  
9 ("CLEC") in its service area of Greenwood even though its certificate is null and void.  
10 According to ORS records, Genesis is providing service to approximately 160 business  
11 and residential customers.

12 **Q. HAS ORS BEEN NOTIFIED BY AN INCUMBENT LOCAL EXCHANGE**  
13 **CARRIER ABOUT A PENDING TERMINATION OF SERVICE TO GENESIS?**

14 A. Yes. In accordance with Commission Order No. 2006-76, the incumbent local  
15 exchange carrier ("ILEC") providing service to Genesis has notified ORS on at least ten  
16 (10) different occasions since 2009 that it intends to terminate service to Genesis for  
17 breach of contract or non-payment of wholesale services that would result in an  
18 interruption of service to Genesis end users. In each instance, ORS has attempted to  
19 contact Genesis to ensure it has complied with its obligation to notify its customers and  
20 remove preferred carrier freezes. Genesis has been non-responsive to the ORS requests  
21 for proof of customer notice. In most cases, Genesis avoids termination of service by  
22 making a partial payment to the ILEC at the last minute. In no instance has Genesis

1 complied with its obligation to notify its end user customers sufficiently in advance of the  
2 date on which the ILEC will terminate wholesale service.

3 **Q. HAS ORS COMPLETED ITS INVESTIGATION OF GENESIS?**

4 A. No. ORS has been unable to complete a Customer Relations Compliance Review  
5 ("CRCR") or a financial audit to identify if Genesis has operated and/or is operating in  
6 compliance with all Commission rules and regulations. Genesis has not produced the  
7 records necessary to comply with either the CRCR or the financial audit.

8 **Q. DOES ORS RECOMMEND THE COMMISSION APPROVE THE REQUEST**  
9 **FOR REINSTATEMENT?**

10 A. No. Genesis is not in compliance with Commission rules and regulations. In  
11 addition, Genesis struggles to meet its payment obligations to the ILEC with such  
12 frequency that it appears Genesis may exit the market and leave its end users with no  
13 service. ORS recommends the Commission order the following:

- 14 1) Genesis cease and desist operating on or before August 31, 2011;
- 15 2) Genesis provide a 30-day written notice to its end user customers that it will  
16 cease providing service on August 31, 2011 with a copy of the notice and a  
17 customer list to be provided to ORS;
- 18 3) Genesis remove all preferred carrier freezes on end user customer accounts;
- 19 4) Genesis refund any prepaid funds to end user customers if the funds were  
20 intended for payment for service rendered after August 31, 2011; and
- 21 5) Genesis may not seek reinstatement of its certificate in South Carolina.

22 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

23 A. Yes it does.